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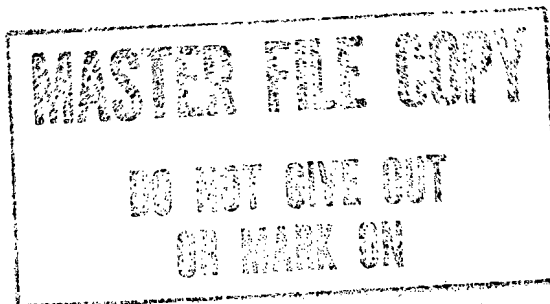
Israel and the Palestinians: Prospects for the Uprising and the Peace Process

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National Intelligence Estimate

Key Judgments

*These Key Judgments represent the views
of the Director of Central Intelligence
with the advice and assistance of the
US Intelligence Community.*



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NIE 35-89W
June 1989

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***The following intelligence organizations participated
in the preparation of these Key Judgments:***

The Central Intelligence Agency

The Defense Intelligence Agency

The National Security Agency

The Bureau of Intelligence and Research, Department of State

also participating:

The Deputy Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The National Foreign Intelligence Board concurs.

***The full text of this Estimate is being published
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Warning Notice

Intelligence Sources
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- *We see no sign of a fundamental breakthrough in the peace process in the next year. The uprising will become more vicious and violent, unless Palestinians on the West Bank and Gaza see progress toward ending the Israeli occupation.*
- *Nonetheless, the recent Israeli initiative, PLO flexibility, and a more constructive Soviet role have created some chance for incremental change and opportunities for US diplomacy.*
- *The Shamir government is under no significant pressure from Israelis to go beyond its recent election initiative; strong outside pressure on Israel and the PLO probably would be needed to bring about elections.*
- *PLO moderation will persist in the next year; the PLO also will demand a role in negotiating a final settlement but might make significant concessions on initial Israeli-Palestinian talks.*
- *If the peace process is not advanced, we expect more terrorism and Arab pressure on the United States in the next two to three years.*

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Alternative Scenarios for the Near Term

A significantly higher level of violence in the occupied territories would harm US peacemaking efforts and interests. Several scenarios, which we believe are unlikely in the next 12 months, could raise violence to this high level rapidly and with little warning.

- *Significantly greater use of firearms by Palestinians.*
- *Massive Israeli repression of the uprising.*
- *Israeli annexation of the West Bank or Gaza strip.*
- *Terrorist attacks in the occupied territories and Israel that cause heavy casualties.*
- *Major terrorist attacks on religious sites.*

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Key Judgments

A fundamental breakthrough in the peace process is unlikely over the next year. Continuing the current stalemate, however, will not pose immediate or direct dangers to US interests because the Israeli election initiative, the US-PLO dialogue, and changes in PLO policies have bought some time.

Some progress in the peace process is possible, particularly if both Israel and the PLO receive continuing encouragement from the United States. We believe the opportunity for progress will decline significantly within a year.

New opportunities for incremental change and US diplomacy have appeared since mid-1988:

- The Palestinians have shown they will revise long-held positions to find a solution.
- The PLO has consolidated its control over major sectors of the Palestinian movement.
- Israel's Likud bloc and Labor Party have agreed on a framework and initiative for negotiations.
- The Soviets have shown a willingness to play a constructive role.

Nonetheless, a lack of progress in the peace process over the next two to three years will increase the threat to US interests. Escalating violence in the West Bank and Gaza will lead to more casualties, more cross-border attacks against Israel and Israeli reprisals, and rising international outrage. Mounting Arab anger and frustration, in turn, will lead to more terrorism against the United States, more pressure on Arab governments to distance themselves from the United States, and pressure on Washington to bring about changes in Israeli policies. Thus, even in the short term, reducing the violence in the uprising, encouraging flexibility in Palestinian and Israeli positions, shoring up the Egyptian-Israeli treaty, and supporting Jordan will demand attention.

Palestinians and the PLO

PLO moderation probably will continue over the next year. Arafat, however, will need progress toward a settlement during that period to convince Palestinians that moderation yields significant results. A lack of results will erode his support and increase the influence of Palestinian hardliners.

Syria, Libya, Iran, and Palestinian groups opposed to Arafat will use terrorism and assassination to try to undermine the US-PLO dialogue, especially if the peace process advances. Hardline groups within the PLO will continue to test—primarily by cross-border raids—Arafat's prohibition against terrorism. Disputes between Israel and the United States over PLO involvement in such incidents will increase. Many Israelis hold Arafat ultimately responsible for all acts of violence by Palestinians, which Israelis lump together as terrorism.

Movement toward a settlement will depend largely on resolving the issue of Palestinian representation in negotiations. Although leadership of the Palestinians cannot be separated from the PLO, Israel will continue to balk at negotiating with it. Israel, therefore, would have to overlook the PLO connections of local representatives for talks to occur. The PLO, in turn, would have to accept indirect representation at initial talks in exchange for a role in negotiations on a final settlement.

Israel

The Shamir government will continue to oppose negotiations with the PLO and any change in the territorial status quo. It is under no pressure from Israeli opinion to go beyond its initiative of May 1989. Shamir, however, is under pressure within Likud and from the far right to make no further concessions. The Palestinians do not want to appear obstructionist, but they will continue to reject the current Israeli initiative, which they see as a ploy to ward off pressure for concessions and to regain the diplomatic initiative lost to Arafat last year. Discussions over election details will require considerable outside encouragement to bridge differences between Israelis and Palestinians.

The governing coalition in Israel is not likely to address Palestinian concerns over the next year. It will wait for non-PLO interlocutors to emerge—Jordanians and West Bank representatives—who are prepared to negotiate on Israel's terms. Meanwhile, the coalition will continue to push its election initiative and put the blame for a lack of progress on the PLO.

The Soviet Union and Syria

Moscow is expanding its relations beyond its traditional Arab allies to gain an active role in the peace process. To achieve equal status with the United States, the Soviets will show even greater flexibility on the details of the peace process and will continue to try to moderate Syrian and PLO positions.

The Soviet ability to force Syria into an agreement is highly questionable. Syrian President Assad demands the return of the Golan Heights and a comprehensive settlement of all Arab-Israeli issues. He will play the "spoiler" if his demands are not met.

The Uprising

The uprising will become more vicious and violent unless Palestinians on the West Bank and Gaza see tangible progress toward ending the occupation. In the next year, harsh Israeli measures to suppress the violence will not solve the problems facing the Israeli Government that stem from the uprising. Vigilantism by Israeli settlers and settler clashes with Israeli security forces and Palestinians will continue to spoil the atmosphere for conciliation.

Israel will retain its substantial strategic superiority over the Palestinians. This will ensure that the material costs of the uprising will continue to be heavier for Palestinians than for Israelis.

PLO leaders abroad and local leaders in the West Bank and Gaza will continue to cooperate in support of the uprising. No alternative Palestinian leadership is likely to emerge from the occupied territories over the next year to negotiate with Israel. The self-confidence of the uprising's leaders will increase but not enough to cause local Palestinians to move forward on their own. Israeli arrests and deportations of prominent Palestinians will diminish Palestinian willingness to engage the Israelis in a dialogue.



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